



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5b-1

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Memorandum

TO: Legislation Committee

DATE: April 1, 2011

FR: Executive Director

W. I. 1131

RE: SB 310 (Hancock) — Transit Priority Project Program

Background

SB 310 (Hancock) seeks to encourage development that expands the supply of affordable housing near public transit. It offers developers a guaranteed density bonus, access to a streamlined local permit process of 90 days, and potential reimbursement of permit expenses if they meet specified requirements. These requirements would include ensuring that 20 percent of the units are affordable, or paying into an affordable housing fund, constructing the building according to Leadership in Energy and Environmental Design (LEED) Gold standards, unbundling parking spaces from the residential lease, providing tenants with transit passes, and on-site car-sharing and bicycle parking, among other requirements.

The bill would also allow a city or county to create an infrastructure financing district (IFD) and obtain access to tax-increment financing and bonding authority without holding an election, as otherwise required for creation of an IFD. Unlike redevelopment areas, IFDs do not divert property tax revenue that is allocated for local schools or community colleges. The bill would require that 20 percent of the revenue generated be reserved to increase, improve and preserve the supply of lower- and moderate-income housing.

Recommendation: Support

Discussion

A city or county can create an Infrastructure Financing District (IFD) and issue bonds to pay for various community scale public works. To repay the bonds, the IFD can divert property tax increment revenues from other local governments (but not schools, community colleges, or county offices of education) for 30 years, but only if the other local governments agree to the diversion.

SB 310 seeks to broaden local government's access to financing tools and strengthen the limited incentives that SB 375 (Steinberg) put in place to encourage transit oriented development (TOD). The offer of a density bonus as a matter of right and qualification for the CEQA exemption are likely to attract significant developer interest and serve as a useful incentive for TOD. For this reason, we recommend a support position on SB 310.


Known Positions

Support

None on file

Oppose

None on file



Steve Heminger